16

STANDING COMMITTEE ON FINANCE

(2001)

THIRTEENTH LOK SABHA

MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENATION

DEMANDS FOR GRANTS

(2001-2002)

SIXTEENTH REPORT

Presented to Lok Sabha on 24 April, 2001
Laid in Rajya Sabha on 24 April, 2001.

LOK SABHA SECRETARIAT
NEW DELHI

April, 2001/Vaisakha, 1923(Saka)

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2. Sh. P.K. Grover - Deputy Secretary
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*** Nominated to the Committee w.e.f. 9 April, 2001**

INTRODUCTION

I, the Chairman, Standing Committee on Finance having been authorised by the Committee to submit the Report on their behalf, present this Sixteenth Report on Demands for Grants (2001-2002) of the Ministry of Statistics and Programme Implementation.

2. The Demands for Grants of the Ministry of Statistics and Programme Implementation were laid on the Table of the House on 20 March, 2001. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Finance are required to consider the Demands for Grants of the Ministries/Departments under its jurisdiction and make Reports on the same to both the Houses of Parliament.

3. The Committee took oral evidence of the representatives of the Ministry of Statistics and Programme Implementation at their sitting held on 18 April, 2001 in connection with examination of the Demands for Grants (2001-2002) of the Ministry of Statistics and Programme Implementation.

4. The Committee considered and adopted the Report at their sitting held on 23 April, 2001.

5. The Committee wish to express their thanks to the Officers of the Ministry of Statistics and Programme Implementation for the co-operation extended by them in furnishing written replies and for placing their considered views and perceptions before the Committee.

NEW DELHI;
23April, 2001
3 Vaisakha, 1923(Saka)

(SHIVRAJ V. PATIL)
Chairman,
Standing Committee on Finance

Modernisation of Statistical System in India

During examination of the Demands for Grants of the Ministry (2000-2001), the Committee were informed by the Government that in the context of liberalisation policies, transparency in administration and opening of the economy, the need for the modernisation of statistical system of India to become responsive to the requirements of the country and to meet the international commitments were felt and a series of regional meetings were held with State Statistical Agencies during 1995.

2. Based on these discussions and consultations, the Ministry of Statistics & Programme Implementation prepared a project document for modernisation of the Indian Statistical System with World Bank assistance.

3. The Committee have now been informed in March 2001 that the scheme of Modernisation of Statistical System in India was expected to start during 2000-2001. However, the scheme could not start during 2000-2001 as EFC was yet to clear it. It was now expected that it may take off during 2001-2002.

4. Asked about the salient features of the scheme, the Government informed that the scheme aimed to achieve the following

- Improve the range of data sets presently available to meet the emerging needs;
- Upgrade the quality and flow of official data;
- Strengthen institutional capacity to gather, process and disseminate the data sets;
- Improve the match between the needs of those who use the data and the work of those who provide it;
- Introduce innovative methodologies and standardisations to produce official data of highest quality

5. It was also stated that the World Bank has indicated a loan assistance of US $ 200 mission for the implementation of the project over a period of 5 years.

6. The Committee observe that the need for modernisation of Statistical System in India was felt as far back as in 1995. They regret to note that it took five years for Government to prepare the scheme called 'Modernisation of Statistical System in India'. What is more distressing is that the scheme which is proposed to be implemented with the assistance of the World Bank and was expected to start during 2000-2001, could not be taken up at all during the year as EFC is yet to clear it. The Committee strongly deprecate the apathetic approach of the Government in launching an important scheme which is aimed at Modernisation of Statistical System in India so that the same could be made responsive to the requirements of the country. They, therefore, recommend that the scheme should be implemented without any further delay.

Demand No.: 72
Object Head
Sub major Head :
Minor Head :
Detailed Head : 01

Salaries

(In Rs. 1000 Rs.)

Year	Budget Estimates		Revised Estimates		Actuals	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
1999-2000	4,85,97	67,11,00	4,24,13	71,07,43	4,29,70	70,49,73
2000-2001	22,39,88	78,74,66	5,93,24	80,38,71	4,90,00*	78,01,00*
2001-2002	27,20,87	85,51,08				

*Anticipated

7. It is shown in the above table that against the Actuals (Plan) of Rs. 4,29 crore in 1999-2000, an outlay (BE) of Rs. 22.39 crore has been estimated in 2000-2001 which was reduced drastically to Rs. 5.93 crore at RE stage. The budget estimates has again been increased sharply at Rs27.20 crore in 2001-2002. The Ministry when asked the reason for such poor budgetary exercise as shown above, (which clearly shows lack of fiscal prudence and parsimony) they furnished their reply as below:

> " The Salaries under BE 2000-2001 Plan enhanced as Rs. 18,30 crore was allocated under the object head 'Salaries' of the new Plan Scheme "Modernisation of Statistical System in India" which was expected to start during 2000-2001. The Plan Scheme envisaged introduction of a number of new surveys and enhancement of frequency of some of the existing surveys to fill the data gaps and enhance the reliability of data and fulfil the international commitment of the country regarding data dissemination. Surveys are manpower intensive and hence additional provision of funds was made under the head "Salary" of the Plan Scheme. The Plan Scheme could not start during the year 2000-2001 as EFC is yet to clear it. As a result, funds were surrendered at RE stage and hence the provision under the Plan allocation was reduced. However, it is expected that the Scheme may take off during 2001-2002. Hence, necessary allocation has been made under the Head resulting in higher provisions during 2001-2002."

8. An outlay (BE) of Rs. 22.49 crore was estimated in 2000-2001 under the Head 'Salaries' primarily meant for the new scheme 'Modernisation of Statistical system in India' which is stated to be manpower intensive. As the scheme could not be started in 2000-2001 the outlay was scaled down drastically to Rs. 5.93 crore at RE stage and anticipated actuals of Rs. 4.90 crore were still below even the reduced estimates. The Committee are, however, surprised to find that the Budget Estimates for the year 2001-2002 has again been increased sharply at Rs. 27.20 crore expecting that the scheme which is pending with EFC for approval, may take off. The Committee are of the view that making such a huge allocation for the salaries of the personnel when the scheme itself has not been approved is nothing but a poor budgetary exercise. They expect the Ministry to be more prudent in preparation of Budget Estimates and Revised Estimates.

Demand No. : 72

Major Head : 3454
Sub Major Head : 02
Minor Head : 02.204
Detailed head : 01.00.012

Foreign Travel Expenses

Plan
(1000 Rs)

YEAR	BE		RE		ACTUALS	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
1999-2000	14,50	12,00	9,50	4,80	5,31	63
2000-2001	85,00	8,50	5,50	4,75	3,30	5,60
2001-2002	95,64	22,50				

9. Detailed Head "01.00.12" under Minor Head "02.204" and Major Head "3454" pertains to Foreign Travel Expenses of the Central Statistical Organisation. It cover all TA/DA expenses on account of travel on duty outside India by officers, and staff of the organisation as well as non-official members.

10. When asked to justify the 1600% increase in BE (Plan) during 2000-2001 as compared to the actuals of 1999-2000 and the rise of another 200% at BE for 2001-2002, the Ministry in their reply have stated as under:

> "During BE 2000-2001, the new Plan Scheme "Modernisation of Statistical System in India" was scheduled to take off. An amount of Rs. 70 lakh was provisioned under the object head "Foreign Travel Expenses" of the Plan Scheme. This resulted in substantial increase under the object head during BE 2000-2001 compared to the actuals of 1999-2000 under the head. However, the Plan Scheme could not start during the year 2000-2001 as EFC is yet to clear the Scheme. It is expected that the Plan Scheme will commence in the year 2001-2002. In view of this, a provision of Rs. 95.64 lakh has been kept under the object head "Foreign Travel Expenses" of the Plan Scheme, which has resulted in increased allocation under the Head in BE 2001-2002."
>
> It was planned to send a group of officers to Australia to operationalise the Memorandum of Understanding signed by the Ministry of Statistics and Programme Implementation with the Australian Bureau of Statistics and hence adequate provisions were made in BE 2000-2001. However the visit could not materialise and hence the provision under RE 2000-2001 was reduced.
>
> To commemorate the Golden Jubilee of NSSO, an International Conference has been planned during May, 2001-2002. This has resulted in increased allocation under the Head in BE 2001-2002.

11. The Committee are constrained to note that there has been gross under utilisation of the allocated funds (Plan and Non-Plan) during 1999-2000 by the Ministry and under utilisation. The Committee is further surprised to note that out of allocation (Plan) of Rs. 85 lakh during 2000-2001 only Rs. 3.30 lakh could be utilized. One of the reasons the reasons advanced by the Ministry for the same these is that the new plan scheme "Modernisation of Statistical System in India" scheduled to take off during the year 2000-2001 could not start as the same was pending with EFC. The Committee are not inclined to accept the reply of the Ministry. The Committee fail to appreciate the necessity to block a substantial amount at BE (Plan) during 2000-2001 for a scheme which is yet to be cleared by EFC, when the same could have been more meaningfully utilised under some other head. This shows that Ministry has not been able to push forward its schemes as envisaged. The Committee, therefore, desired that budgetary exercise should be undertaken with due seriousness so that estimates are made more realistic. The actual utilisation should be as near the Budgetary allocation as possible

12. The Committee find that the outlays have again been increased sharply at Rs. 95.64 lakh (Plan) for 2001-2002 expecting that the scheme would commence during the year. They are of the view that in such a case where the scheme is pending for approval for a considerable time only a token amount may be allocated at BE stage which could be revised later at RE stage as per the status of the scheme.

PROJECTS AND PROJECT MONITORING DIVISION (PMD)

13. Project Monitoring Division (PMD) monitors all Central sectors projects of the Government costing Rs. 20 crores and above and review the impact of the Accelerated Irrigation Benefit Programme. This Division has also been charged with the responsibility of monitoring major infrastructure projects in private/joint sector. The Division makes appraisal of the Projects from the point of view of the state of preparedness, examines causes of time and cost overrun of the projects and identifies the bottlenecks in their implementation, thereby playing an important role as coordinator and facilitator.

14. In their Nineteenth Report (12th Lok Sabha), the Committee had noted that as on December 1998, out of 428 projects on the monitor of the Ministry of Statistics and Programme Implementation, 220 projects were running behind schedule with respect to their approved dates of commissioning. The total anticipated cost of these 220 project had increased from 79,547 crores to 97,314 crores which gave an escalation of Rs. 17,767 crores.

15. The reason for time and cost overrun have been explained as under:

During the course of implementation, variations take place in the availability of resources at a given pace of time and in the prescribed manner,thus disturbing the origional schedule drawn by the project authorities. This leads to time and cost overruns in such cases. The factors responsible for such a situation include:

(i) Non-availability of land.
(ii) Financial constraints.
(iii) Engineering, release of drawings.
(iv) Inter-sectoral linkages (water, power, coal, fuel, feedstock etc.)
(v) Law and order problems.
(vi) Reasons beyond the control of the project authorities.'

16. When asked about the present position of cost escalation of the projects costing Rs. 20 crore and above, the Ministry of Statistics and Programme Implementation in a written reply stated as under:

"As on 31st March, 2001, 461 projects are on the monitor of the Ministry of Statistics & Programme Implementation as compared to 480 projects for the

period ending December, 2000. Information in respect of medium projects, i.e., those costing Rs 20 crores to Rs. 99 crores is available upto December, 2000 and for major and mega projects, i.e., those costing Rs 100 crores to 999 crores and those costing Rs. 1000 crores and above respectively, information is available upto February, 2001.

The cost of 461 projects with respect to the origionally approved cost has escalated from Rs. 1,21,345 crores to Rs. 1,64,746 crores i.e. by 33.6% whereas the cost of 461 projects with respect to the latest approved cost has escalated from Rs. 1,42,609 crores to Rs. 1,64,746 crores, i.e. by 15.5%"

17. Asked about the mechanism available to go into the details of time and cost overruns, the Ministry in their reply, submitted as under :-

"Standing Committees have been set up in each Ministry for projects costing Rs. 50 crores and above which have reported time and cost overruns; these Committees are headed by Additional Secretary or Joint Secretary of the concerned Ministries with representatives from the Planning Commission, Department of Expenditure and Ministry of Statistics & Programme Implementation. The Standing Committees set up as per the guidelines of the Planning Commission issued in August, 1998 have the mandate to go into the details of time and cost overruns and to identify the respective responsibility areas and to suggest remedial actions. The reports of the Standing Committees form parts of the Revised Cost Estimates of projects which have time and cost overruns and the same are submitted along with the Cabinet Committee on Economic Affairs (CCEA) Note for consideration of the CCEA. All concerned Ministries excluding Ministry of Railways have set up ;such Committees and the cases of time and cost overruns are being referred to these Committees. In case of Railways, the Railway Board is looking into these aspects. The Standing Committees, besides identifying responsibility areas at the project management level also indicate the deficiencies in the system of project preparation, approval and implementation. The Committees are also expected to go into the details of monitoring arrangements by the concerned Administrative Ministries and their review mechanism to ensure implementation of projects within the given cost and time frame."

18. The Committee note that the Project Management Division (PMD) has been entrusted with the task of monitoring all the central projects costing Rs. 20 crore and above as also to examine causes of time and cost overrun for fixing responsibility. As on 31 March, 2001, 461 projects costing Rs. 20 crore and above, were on the monitor of the Ministry of Statistics and Programme Implementation. They are however distressed to note that the cost of these projects with respect to originally approved cost, has increased from Rs.1,21,345 crore to Rs. 1,64,746 crore registering an increase of Rs. 43,401 crore (33.6%). With respect to the latest approved cost, it has escalated from Rs. 1,42,609 crore to Rs. 1,64,746 crore showing an increase of Rs. 22,137 crore (15.5%).

19. The Committee are pained to point out that despite repeated concern expressed by the Committee in their earlier reports, the position instead of improving has rather worsened further and the escalation is increasing with the passage of each year. This is despite the tall claims made by the Ministry that there are independent Standing Committees working in each of the Ministries except the Railways for monitoring the projects costing Rs. 50 crore and above.

20. From the foregoing, the Committee are led to the inescapable conclusion that the monitoring and appraisal of projects is not being done vigorously by the Ministries concerned resulting in huge time and cost overruns.

21. While expressing their deep anguish, the Committee strongly recommend that the latest approved date of commissioning/completion and cost of projects should be adhered to atleast now and under no circumstances, these should be allowed to necessitate further revision. In the meantime factors leading to slippages in time schedule and cost escalation should be identified with a view to take remedial steps.

INFRASTRUCTURE MONITORING DIVISION

KEY INFRASTRUCTURE SECTOR

22. The infrastructure Monitoring Division (IMD) in the Programme Implementation Wing is entrusted with the monitoring of performance of the country's eleven key infrastructure sectors viz. Power, Coal, Steel, Railways, Telecommunications, Ports, Fertilisers, Cement, Petroleum and Natural Gas, Roads and Civil Aviation.

23. The Ministry, when asked the bottlenecks coming in the way of growth of the eleven key infrastructure sectors and the steps taken/proposed to be taken by the government to remove this bottlenecks they give the following replies:

> "The focus of monitoring is primarily on achieving the production targets and to bring to the notice of concerned Ministries any shortfall in achieving these targets. Wherever, any shortfall is noticed, the concerned Secretaries are requested to look into the reasons for shortfall in the achievement of targets and to take appropriate measures to improve the performance ."

24. In the Annual Report 2000-2001 of the Ministry it has been stated that:

> "Monitoring of the performance of the Infrastructure sectors was aimed at removing the bottlenecks in the way of their accelerated growth. In the existing scheme, the infrastructure Monitoring Division in the Programme Implementation Wing of the Ministry of Statistics & Programme Implementation has been collecting relevant statistics of production and productivity from concerned Ministries/Departments and compiling and analysing it in the form of Monthly Progress Reports. This Division is entrusted with the monitoring of performance of the country's eleven key infrastructure sectors"
>
> The IMD's concern is to bring to the notice of the Administrative Ministries/Departments any slippages or short-comings in the implementation of the schemes/programmes to enable them to take remedial measures for effective and meaningful implementation of the schemes/programmes. Moreover, being independent of the Planning Commission as well as the Implementing agencies, the IMD is in a position to look at the entire system and to suggest improvements in a more objective manner."

25. The Committee note that the Infrastructure Monitoring Division (IMD) of the Ministry of Statistics and Programme Implementation (PI Wing) has been entrusted with the task of monitoring the performance of 11key infrastructure sectors viz Power, Coal, Steel, Railways, Telecommunications, Ports, Fertilizers, Cement, Petroleum & Natural Gas, Roads and Civil Aviation with a view to identifying the bottlenecks coming in the way of growth and suggesting improvement in a more objective manner.

26. The Committee, however, regret to point out that the Infrastructure Monitoring Division has failed in its objective of suggesting ways for effecting improvements in the performance of the key infrastructure sectors . Instead the Division is just bringing to the notice of the concerned Ministries the shortfalls in achieving the targets and requesting them to take appropriate measures to improve the performance. The Committee, therefore, urge the Ministry of Statistics and Programme Implementation not to content itself with just pointing out the shortfalls but also give concrete suggestions to bring about improvement in the performance of the infrastructure sectors.

ENTRAL STATISTICAL ORGANISATION

PAYMENT OF PROFESSIONAL SERVICES

27. One of the schemes of the Central Statistical Organisation under operation is on "payment of professional services in respect of research studies/sample surveys and related activities". A screening body – Standing Research Advisory Committee has been set up by the Ministry to screen research proposals.

28. The Committee desired to know the criteria, guidelines used by the screening body to recommend research proposal. In a written reply furnished to the Committee, the Ministry of Statistics and Programme Implementation have stated as under:-

> The studies having direct bearings on the development of official statistics, methodologies of data collection, analysis, processing as well as organisation of short duration conferences/seminars/workshops and printing of reports based on time series data or results of research studies/sample surveys conducted in the areas of gender issues, environment and other topics of importance and relevance are considered for funding.
>
> As regard to competence of the Non-governmental Organisation, institutions eligible to receive funds from the Ministry to conduct research/studies, the criteria of eligible institutions is as under:
>
> The financial assistance under the scheme is given to an eligible institution. An institution is deemed to be eligible by virtue of its openness to scrutiny at a public forum, or by qualifying for annual recurring grants by specific establishments of government or by successful execution of research studies/projects for certain institutions of Central Government which have been established for financing research. An institution is deemed to be eligible if one of the following conditions is fulfilled:
>
> 1. The Annual Report of the research institution is placed on the Table of Lok Sabha by a Ministry of Central Government, or
> 2. The research institution has received annual recurring grants from UGC or ICSSR during the past three years or
> 3. The institution is registered as Society/Non Governmental Organisation whose audit is being done regularly or
> 4. Consultancy organisation which has executed successfully, a research project for which assistance of Rs. five lakhs or more was released to that Institution during the recent five years period by ICAR, ICMR, CSIR or similar Central Government Organisation set up primarily, for the purpose of funding research work or data collection. Successful execution of the research project is determined by acceptance of

utilisation certificate by the Department or Office that released financial assistance for the research project.

5. Eminent academicians/researchers can also submit proposal through registered society/institution of repute whose audit is being done regularly.

6. Secretary, Ministry of Statistics and Programme Implementation/Director General Central Statistical Organisation can decide that an institution can receive the financial assistance.

29. The Committee desired to know how the Secretary of the Ministry or the Director General, Central Statistical Organisation themselves could decide the eligibility of an institution when specific criteria have already been laid down for the purpose. The Ministry of Statistics and Programme Implementation stated in a written reply as under :-

"The present clause that the Secretary, Ministry of Statistics and Programme Implementation (MOS & PI)/Director General, Central Statistical Organisation can decide that an institution can receive the financial assistance has been inserted so as to facilitate submission of research proposals by eminent academicians/researchers associated with the institutions which do not fulfill any of the eligibility criteria mentioned in the guidelines. However, so far this clause has not been used."

30. The Committee note that a screening body – Standing Research Advisory Committee of the Central Statistical Organisation has been set up to screen and recommend such research proposals received from Institution/NGOs etc which have direct bearings on the development of official statistics, methodologies, analysis, processing etc. Selection is made from amongst those Institutions/NGOs who fulfil any of the conditions set out in the guidelines prescribed in this regard.

31. However, it is surprising to see that there is also a provision whereby the Secretary, Ministry of Statistics and Programme Implementation or the Director General, Central Statistical Organisation can also decide about financial assistance to an institution/eminent academicians/researchers associated with the institutions who may not otherwise fulfil any of the eligibility criteria mentioned in the guidelines. The Committee do not appreciate this provision and recommend that financial assistance for research studies should be given only to those institutions/NGOs/individuals who fulfill conditions set out in the guidelines and who have been cleared by the screening body set up for the purpose.

NEW DELHI;
23 April, 2001
3 Vaisakha, 1923(Saka)

SHIVRAJ V. PATIL
Chairman,
Standing Committee on Finance